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OFFICIAL STATEMENT



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City of Del Mar

SAN DIEGO COUNTY, CALIFORNIA

1977 Open Space Bonds,
Series B

446
\$650,000

Principal Amount

(GENERAL OBLIGATIONS)

1
CITY OF DEL MAR

San Diego County, California

2
CITY COUNCIL

Hervey L. Sweetwood, *Mayor*

Al Tarkington, *Mayor pro tem*

Nancy Hoover

Richard L. Roe

CITY STAFF

Robert A. Nelson, *City Manager*

D. Dwight Worden, *City Attorney*

Gloria E. Curry, *City Treasurer and Finance Officer*

Terri Bianco, *City Clerk*

Addition to author card only

SPECIAL SERVICES

Certified Public Accountant

Carroll & Pendleton Associates, *Costa Mesa*

Bond Counsel

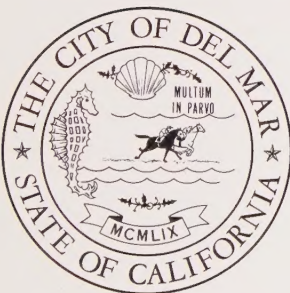
Rutan & Tucker, *San Francisco, Santa Ana and
Newport Beach*

Financial Consultant

Loeb Rhoades, Hornblower & Co., *San Francisco*

Paying Agent

California First Bank, *San Diego*



THE DATE OF THIS OFFICIAL STATEMENT IS
FEBRUARY 5, 1979.

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THE CITY OF DEL MAR

February 5, 1979

TO WHOM IT MAY CONCERN:

The purpose of this bond prospectus is to furnish information regarding \$650,000 principal amount City of Del Mar 1977 Open Space Bonds, Series B (general obligations).

This prospectus was prepared by Loeb Rhoades, Hornblower & Co. as financing consultants to and under the direction of the city. Rutan & Tucker serve as bond counsel to the city. Financing consultant's fees for services are contingent upon the sale and successful delivery of bonds. Bond counsel's fees are in part contingent upon the sale and successful delivery of bonds.

The information herein has been reviewed by appropriate officials of the city as to accuracy and completeness (see item 2 under "Closing Papers" on Page 4 of this prospectus) and the city has adopted this prospectus as its Official Statement in connection with the bonds herein being offered pursuant to Resolution No. 79-10.

All of the following summaries of the Resolution of Issuance and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the city for further information in connection therewith. This Official Statement does not constitute a contract with purchasers of bonds. Any statements herein involving matters of opinion or estimates, whether or not so designated, are to be construed as provisional rather than factual.

Hervey L. Sweetwood
Mayor, City of Del Mar

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INTRODUCTION

The \$650,000 principal amount of City of Del Mar 1977 Open Space Bonds, Series B represents the remaining unsold bonds of a \$1,500,000 general obligation bond authorization approved by the voters of the City of Del Mar on June 8, 1976 by a 68% majority. The Series B bonds are being sold to finance the acquisition of permanent open space areas within the city. The open space areas to be acquired are identified in the city's adopted general plan.

The bonds are general obligations of the City of Del Mar and bond principal and interest are secured by and payable from ad valorem taxes on all property subject to taxation by the city, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). Upon sale of the bonds, the city's direct debt will be 5.26% of the city's 1978/79 assessed valuation of \$36,144,250.

The city is primarily a residential community with a population of 5,175. Del Mar is located on the Pacific coastline, 20 miles north of central San Diego and 105 miles south of Los Angeles. Although only 1.7 square miles in size, the city has 2½ miles of oceanfront property, and maintains and operates two miles of public beach.

Major revenue sources for the city include property taxes, sales and use taxes and admissions taxes. These three sources contribute approximately equally to city income and together make up over 50% of general fund revenue for 1978/79.

Anticipated property tax revenue for 1978/79 has been reduced approximately 50% from the previous year due to the implementation of Proposition 13 (see page 14 in this Official Statement). The city reports that due to state contributions and budget cuts, there will result no loss of essential municipal services as a result of the property tax reductions.

The Del Mar Racetrack is located in the northern portion of the city, and hosts a 43-day racing season which begins in late July and attracts over 640,000 patrons annually. The adjoining County Fairgrounds, located partially within the city, features a number of annual events, including the Southern California Exposition held in late June. The city levies a \$0.40 admissions tax to the racetrack complex and applies approximately 60% of the revenue to the general fund with the remainder being used to maintain the city's open space areas. Total income derived from the admissions tax is approximately \$250,000 annually.

Del Mar is within convenient commute distance to employment centers throughout San Diego County. Three industrial parks, providing an employment base for over 8,000 persons, are located within five miles of the city. The county's largest industrial area, Kearny Mesa, with 31,000 employees, is located ten miles southeast of Del Mar.

The city is served by Amtrak rail and Greyhound bus lines, is 18 miles north of the San Diego International Airport, and is less than a mile west of Interstate 5, the major north-south artery of California.

TABLE 1
SUMMARY OF ESSENTIAL FACTS

The Bonds	
Principal amount	\$650,000
Maturities	1980-2004
Denominations	\$5,000
Average life	16.29 years
Bond years	10,590
Maturities callable 1991 or after	1992-2004
Maximum coupon rate	8%
Maximum coupon spread	2%
Maximum estimated annual debt service	\$57,275
Financial and Economic Data	
1978/79 city total assessed valuation	\$36,144,250
Ratio direct debt to total assessed valuation	5.26%
Ratio direct and overlapping debt to total assessed valuation	10.63%
Per capita total assessed valuation	\$6,984
City estimated 1978 population	5,175



THE BONDS

Authority for Issuance

The \$650,000 principal amount of the City of Del Mar 1977 Open Space Bonds, Series B, now being offered are to be issued pursuant to Resolution No. 79-10 of the City Council of the City of Del Mar, adopted February 5, 1979. The Series B Bonds represent the remaining unsold bonds of a total authorization of \$1,500,000 approved at an election held in the city on June 8, 1976, by a vote of 1,608 in favor (68%) to 748 opposed.

Description of the Bonds

The Series B Bonds consist of \$650,000 aggregate principal amount, numbered B1 through B130 inclusive, dated April 1, 1979, each bond in the denomination of \$5,000. Interest for the first year is payable on April 1, 1980 and semiannually thereafter each October 1 and April 1. The bonds are to mature and become payable on April 1 in the amounts and years specified in the adjoining table.

Both principal and interest are payable at the principal office of the California First Bank in San Diego, California, paying agent for the city.

Redemption Provisions

Bonds maturing on or before April 1, 1991, a principal amount of \$185,000, are not subject to call or redemption prior to their stated maturity dates.

Bonds maturing on or after April 1, 1992, a principal amount of \$465,000, are subject to call and redemption, at the option of the city, as a whole or in part, in inverse order of maturity and by lot within a maturity, on any interest payment date on or after April 1, 1991, upon payment of the principal amount,

accrued interest to the date of redemption, and a premium equal to $\frac{1}{4}$ of 1% of the principal amount redeemed for each full year and any remaining fraction of a year between the date of redemption and the maturity date of the bonds.

Registration

The bonds will be issued as coupon bonds and will be registrable as to both principal and interest, with the privilege of discharge from registration and re-registration.

Legal Opinion

All proceedings in connection with the issuance of the bonds are subject to the approval of Rutan & Tucker, San Francisco, Santa Ana and Newport Beach, California, bond counsel for the City of Del Mar. The unqualified opinion of Rutan & Tucker attesting to the validity of the bonds will be supplied free of charge to the original purchasers of the bonds. A copy of the legal opinion will be printed on each bond without charge to the successful bidder.

Security

The City of Del Mar 1977 Open Space Bonds, Series B, are general obligations of the City of Del Mar, and the city has the power and is obligated to levy annual ad valorem taxes for payment of principal and interest on the bonds on all property within the city subject to taxation by the city (except certain personal property which is taxable at limited rates) without limitation as to rate or amount.

MATURITY SCHEDULE

<i>Maturity Date April 1</i>	<i>Principal Maturing</i>
1980	\$10,000
1981	10,000
1982	10,000
1983	15,000
1984	15,000
1985	15,000
1986	15,000
1987	15,000
1988	20,000
1989	20,000
1990	20,000
1991	20,000
1992	25,000
1993	25,000
1994	25,000
1995	30,000
1996	30,000
1997	35,000
1998	35,000
1999	35,000
2000	40,000
2001	40,000
2002	45,000
2003	50,000
2004	50,000

Tax Exempt Status

In the opinion of bond counsel, interest on the bonds is exempt from income taxes of the United States of America under present federal income tax laws and such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

Legality for Investment

The bonds are legal investments in California for commercial and savings banks and as such are legal investments for all trust funds, and for funds of insurance companies and trust companies. The bonds are eligible as security for deposits of public moneys in California.

Closing Papers

Each proposal for bids on the bonds will be understood to be conditioned upon the city furnishing to the purchaser, without charge, concurrently with payment for and delivery of the bonds, the following closing papers, each dated the date of such delivery:

1. Legal opinion—The unqualified opinion of Rutan & Tucker, bond counsel, approving the validity of the bonds and stating that interest on the bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws.
2. At the time of payment for and delivery of the bonds, the city will furnish the successful bidder a certificate, signed by appropriate officers of the city acting in their official capacity, to the effect that

to the best of their knowledge and belief, and after reasonable investigation, (a) neither the Official Statement or any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (b) there has been no material adverse change in the operation or financial affairs of the city since the date of such Official Statement.

3. An opinion of bond counsel that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the bonds will be used in a manner that would cause the bonds to be arbitrage bonds.
4. A certificate signed by an officer of the city that there is no litigation threatened or pending affecting the validity of the bonds.
5. The signature certificates of the officers and representatives of the city, showing that they have signed the bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same.
6. The receipt of the Treasurer of the city showing that the purchase price of the bonds, including interest accrued to the date of delivery thereof, has been received by the city.

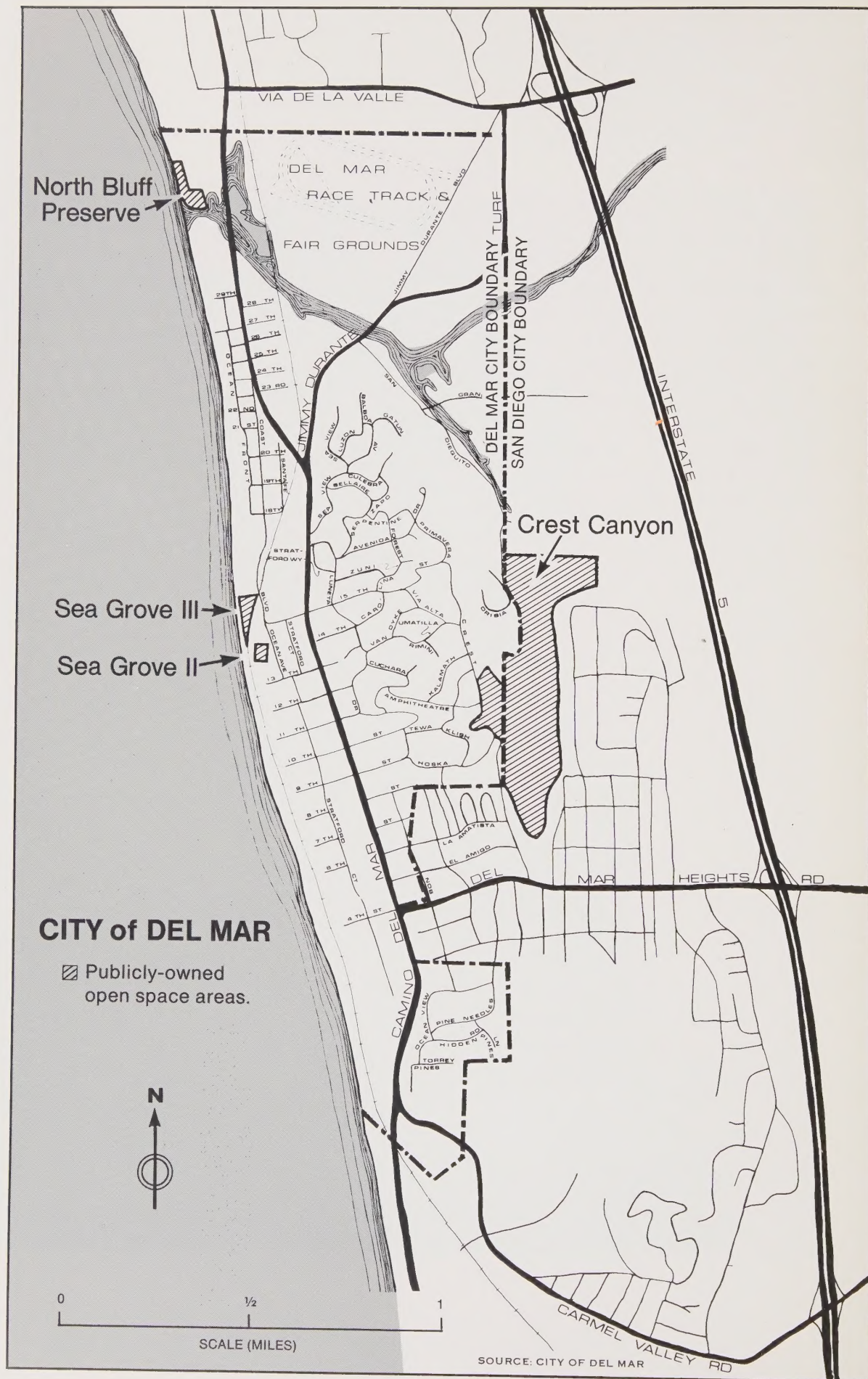
Estimated Debt Service

Table 2 shows estimated annual debt service on the City of Del Mar 1977 Open Space Bonds, Series B and the actual debt service on the City of Del Mar 1977 Open Space Bonds, Series A.

TABLE 2
ESTIMATED GRAND TOTAL DEBT SERVICE
CITY OF DEL MAR OPEN SPACE BONDS
\$850,000 PRINCIPAL AMOUNT, SERIES A
\$650,000 PRINCIPAL AMOUNT, SERIES B

Year	Debt Service on Series A Bonds	Series B Bonds Estimated at 6.75%		Total Estimated Debt Service on Series B Bonds	Grand Total Estimated Debt Service
		Principal Maturing April 1	Annual Interest		
1979/80	\$ 60,507.50	\$ 10,000	\$ 43,875.00	\$ 53,875.00	\$ 114,382.50
1980/81	64,532.50	10,000	43,200.00	53,200.00	117,732.50
1981/82	63,232.50	10,000	42,525.00	52,525.00	115,757.50
1982/83	61,932.50	15,000	41,850.00	56,850.00	118,782.50
1983/84	60,632.50	15,000	40,837.50	55,837.50	116,470.00
1984/85	59,332.50	15,000	39,825.00	54,825.00	114,157.50
1985/86	63,032.50	15,000	38,812.50	53,812.50	116,845.00
1986/87	61,857.50	15,000	37,800.00	52,800.00	114,657.50
1987/88	60,657.50	20,000	36,787.50	56,787.50	117,445.00
1988/89	64,432.50	20,000	35,437.50	55,437.50	119,870.00
1989/90	62,932.50	20,000	34,087.50	54,087.50	117,020.00
1990/91	66,402.50	20,000	32,737.50	52,737.50	119,140.00
1991/92	64,582.50	25,000*	31,387.50	56,387.50	120,970.00
1992/93	62,727.50	25,000*	29,700.00	54,700.00	117,427.50
1993/94	65,837.50	25,000*	28,012.50	53,012.50	118,850.00
1994/95	63,677.50	30,000*	26,325.00	56,325.00	120,002.50
1995/96	66,477.50	30,000*	24,300.00	54,300.00	120,777.50
1996/97	69,002.50	35,000*	22,275.00	57,275.00	126,277.50
1997/98	66,252.50	35,000*	19,912.50	54,912.50	121,165.00
1998/99	68,502.50	35,000*	17,550.00	52,550.00	121,052.50
1999/2000	70,422.50	40,000*	15,187.50	55,187.50	125,610.00
2000/01	67,062.50	40,000*	12,487.50	52,487.50	119,550.00
2001/02	68,672.50	45,000*	9,787.50	54,787.50	123,460.00
2002/03	—	50,000*	6,750.00	56,750.00	56,750.00
2003/04	—	50,000*	3,375.00	53,375.00	53,375.00
	\$1,482,702.50	\$650,000	\$714,825.00	\$1,364,825.00	\$2,847,527.50

* Callable on or after April 1, 1991.



THE PROJECT

Proceeds from the sale of the \$650,000 general obligation bonds will be used for the acquisition of permanent open space areas within the city. The Series B bonds represent the remaining unsold bonds of a total authorization of \$1,500,000 approved by city voters on June 8, 1976 for open space acquisition.

Proceeds from the sale of the Series A bonds have been used to acquire several properties identified in the open space element of the city's general plan. Two properties, situated along the coastline, known as Sea Grove II and III, were purchased for a total of \$450,000. The remainder of Series A bond proceeds are being used to participate with the City of

San Diego in the purchase of Crest Canyon. This property consists of seven acres located in southeastern Del Mar and an adjacent 120 acres within the city limits of San Diego. Several parcels in Crest Canyon remain to be acquired.

In October, 1978, the voters of the city were given an opportunity to affirm the open space acquisition program and select their preferences for properties to be acquired through a plebiscite ballot mailed out by the city. Nearly three-fourths of those responding endorsed the issuance of the remaining unsold general obligation bonds. In addition, among four options for property acquisition, one parcel, known as Sea Grove IV, was cited nearly three-to-one as that preferred for purchase. This property is situated along the coastline adjacent to Sea Grove III. It is anticipated that the proceeds from the sale of the Series B bonds will be used to acquire additional open space.

TABLE 3
DISPOSITION OF BOND PROCEEDS

<i>Items to be Financed</i>	<i>Cost</i>
Land acquisition	\$620,000
Legal, financing and incidentals	30,000
Total Bond Issue Requirement	\$650,000



*The City of Del Mar,
San Diego, California.
(Photo credit City of Del Mar.)*

CITY ORGANIZATION AND FINANCIAL DATA

The City of Del Mar, originally incorporated as a general law city on July 15, 1959, changed to chartered status in 1960 by a vote of the people. The city operates under the council-manager form of government. The voters of Del Mar elect five council members by popular vote on a non-partisan basis for staggered terms of four years. The council selects the mayor from among its members. The current mayor, Mr. Hervey L. Sweetwood, was elected to the council in 1976, and was appointed mayor in March, 1978. Mr. Sweetwood is employed as a management consultant. The mayor pro tem, Mr. Al Tarkington, a certified public accountant with his own firm, joined the council at the same time as Mr. Sweetwood. The remaining membership of the city council includes Mr. Richard L. Roe, publisher, and Ms. Nancy Hoover, stock analyst and broker. The remaining council seat is vacant and will be filled following a special election to be held in the city on March 6, 1979. The vacancy occurred when the previous councilmember, Mr. Richard G. Rypinski, formerly a division chief in the State's Department of Transportation, left that post to accept an appointment as Chief Counsel for the California Department of Transportation. The council enacts all local laws, approves the city budget, appoints city officials, and adopts the city tax rate.

City officials include the city manager, Mr. Robert A. Nelson; city attorney, Mr. D. Dwight Worden; city treasurer and finance officer, Ms. Gloria E. Curry; and the city clerk, Ms. Terri Bianco. The city contracts for engineering services with James M. Montgomery, Consulting Engineers, Inc., La Jolla, California.

The city has 30 full-time employees and provides community services through its planning department, fire department, public works department, and city-operated sewer and water systems. The planning department is responsible for preparing the general plan which was adopted by popular vote on March 8, 1976. The fire department presently is staffed by 10 full-time city employees augmented by 20 reservists. The city has a class 6 fire rating. Police protection for the city is obtained under contract with the San Diego County Sheriff's Office.

Assessed Valuation

The City of Del Mar utilizes the facilities of San Diego County for the assessment and collection of taxes for city purposes. City taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes. The valuation of secured property is established as of March 1 of each year, is subsequently equalized in August, and the first installment of taxes becomes payable the following November. Taxes are due to be received by the San Diego County Tax Collector on or before the delinquency dates of December 10 and April 10 for each installment of the taxes levied. Taxes on unsecured property (personal property and leaseholds) are due on August 31 of each year based on the preceding fiscal year's tax rate.

Under amendments adopted in 1968 to the Constitution and Statutes of the State of California, two types of exemptions of property from ad valorem taxes were authorized beginning in the fiscal year 1969/70. The first of these exempts 50% of the assessed valuation of business inventories from taxation. The second provides for exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor. Revenue estimated to be lost to local taxing agencies due

to such exemptions, however, is reimbursed from state sources. Such reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated delinquencies. In 1978/79, the assessed value for the city's homeowners' and business inventory exemptions totalled \$1,688,765.

Table 4 presents a six-year history of the city's assessed valuation. Since 1973/74 the city's assessed valuation has increased over 50%. This includes a 14.4% decrease in the 1978/79 assessed valuation over the previous year as a result of the implementation of the tax limitation initiative (Proposition 13).

On June 6, 1978, California voters approved Proposition 13, commonly known as the Jarvis-Gann Initiative, which adds Article XIII A to the California Constitution. The California Supreme Court upheld the validity of the amendment against certain general constitutional attacks on September 22, 1978. The initiative defines full cash value as "the County Assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value', or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975/76 tax levels may be reassessed to reflect that valuation". The amendment thus establishes the 1975/76 assessed valuation as the base for property tax purposes. The yearly increase from the base year is limited to growth in the Consumer Price Index, but not to exceed 2% annually. Reassessments are required after sale, transfer, or construction. The full text of the Jarvis-Gann Initiative is provided below.

Jarvis-Gann Initiative

"Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

"Section 2.

(a) the full cash value means the County Assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value", or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975/76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

"Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

"Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

"Section 5.

This Article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this Article.

"Section 6.

If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Tax Rates, Levies and Delinquencies

Table 5 presents a seven-year history of the city's secured tax levy, taxes collected, amounts delinquent and prior years' collections. During this period, delinquencies have averaged approximately 3.97%. The largest single factor contributing to this delinquency rate is a writ of mandate proceeding filed by the city's largest taxable property owner, Mission Investment Trust. Until these proceedings are resolved, the property owner will only pay back taxes necessary to keep the property out of receivership. On the average, this property owner accounts for nearly one-half of the delinquencies incurred by the city. Prior year's collections reduce the city's outstanding delinquency rate over the last seven years to an average of 1.8%.

TABLE 4
CITY OF DEL MAR
ASSESSED VALUATIONS

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total Assessed Valuation for Revenue Purposes*</i>
1973/74	\$22,544,948	\$ 921,110	\$ 571,968	\$24,038,026
1974/75	23,726,909	1,035,610	1,225,279	25,987,798
1975/76	24,418,017	1,171,730	1,448,060	27,037,807
1976/77	38,128,694†	1,307,110	1,133,727	40,569,531
1977/78	39,924,014	955,860	1,352,214	42,232,088
1978/79	33,519,627	984,810	1,639,813	36,144,250‡

* Before homeowners' and business inventory exemptions.

† Increase due to reassessment performed by county in fiscal year 1975/76.

‡ Decrease due to implementation of tax-limitation initiative (Proposition 13).

Source: San Diego County Auditor-Controller's Office.

Prior to the passage of Proposition 13, the city, along with other municipalities and special purpose districts, levied property taxes, subject to certain legal limitations, as necessitated by the amount of funds sufficient to accommodate budgeted expenses. The implementation of Proposition 13 limited the tax receipts allowable from ad valorem property and required the counties to devise a method to distribute tax receipts to other taxing entities. Proposition 13 limits the amount of any ad valorem tax on real property to 1% (plus previously voted bond debt) of the full cash value, or 4% of the assessed value. These provisions were implemented pursuant to Senate Bill 154, Chapter 292 of the Statutes of 1978, as signed into law on June 24, 1978. Under SB 154, county tax rates will be \$4.00 per \$100 of assessed valuation (at 25% of market value) and distribution of these tax revenues to taxing agencies will be made according to a formula whereby each taxing entity receives a proportionate share. The formula in effect for the 1978/79 fiscal year is as follows:

The factor is computed by determining the average amount of property tax revenue received by a local agency in the fiscal years 1975/76, 1976/77, and 1977/78, and dividing the amount by the average of the total amount of property tax revenues received by all local agencies in those three fiscal years. The factor is then multiplied by the tax revenues collected from the \$4.00 levy and apportioned accordingly to the local agency.

Table 6 presents the city's tax rate schedule for the past six years and a component breakdown for this year's tax rate. Based on the implementation of Proposition 13, the effective tax rate for the City of Del Mar has been reduced from \$1.07 per \$100 assessed valuation to \$0.790. This new tax rate represents that levy sufficient to generate tax revenue limited by Proposition 13 to 1% of the full cash value of real property and to amortize previously authorized general obligation bonded debt.

TABLE 5
CITY OF DEL MAR
SECURED TAX LEVIES AND DELINQUENCIES

Fiscal Year	Secured Tax Levies*	Taxes Collected*	Delinquencies June 30*		Prior Years' Collection‡
			Amount	Percent	
1971/72	\$171,889	\$170,100	\$ 1,789	1.04%	\$ 1,863
1972/73	189,688	183,716	5,972	3.15†	2,564
1973/74	242,221	231,845	10,376	4.28†	2,548
1974/75	252,582	238,357	14,225	5.63†	4,761
1975/76	267,683	254,370	13,313	4.97†	5,640
1976/77	402,398	383,442	18,956	4.71†	5,813
1977/78	403,239	391,157	12,082	2.99†	18,650

* Source: San Diego County Auditor-Controller's Office.

† A major component of the tax delinquencies since 1972 has been the delinquency of the largest single taxable property constituting approximately 1.5% of the assessed value of current secured taxable property in the city. As of the date of this Official Statement, current taxes have not been paid, and represent up to 50% of the above-shown annual delinquencies.

‡ Source: City of Del Mar Finance Department.

TABLE 6
CITY OF DEL MAR
TAX RATES AND
TAX RATE COMPONENTS

Fiscal Year	Tax Rate
1972/73	\$1.10
1973/74	1.10
1974/75	1.10
1975/76	1.11
1976/77	1.07
1977/78	1.07
1978/79	0.79*

1978/79 TAX RATE COMPONENTS

General Fund†	\$0.390
Capital Improvement Fund†	.084
Sewer General Obligation Bonds	.129
Open Space General Obligation Bonds	.187
Total Tax Rate	\$0.790

* Includes tax rate to support outstanding general obligation bonded debt.

† Represents tax rate equivalent necessary to generate revenue allowable under Proposition 13.

Source: City of Del Mar Finance Department.

The 1978/79 tax rates cited for the general fund and the capital improvement fund are, therefore, tax rate equivalents necessary to generate tax revenue allowable under Proposition 13 and not tax rates per se. The County is responsible for apportioning tax revenues according to the formula described above.

The 1977 Open Space Bonds, Series B are general obligations of the City of Del Mar and the city has the power and is obligated to levy ad valorem taxes for payment of principal and interest on the bonds which is in addition to the \$4.00 per \$100 assessed valuation tax rate limitation proposed by Proposition 13.

Table 7 presents a component breakdown of the total tax rate for the city for all taxing entities for 1977/78 and 1978/79. Based on the implementation of Proposition 13, the total tax rate decreased over 40%. The county apportions tax receipts to other taxing entities from the \$4.00 tax levy based on the formula described above.

TABLE 7
CITY OF DEL MAR
1977/78 TAX RATES
SAN DIEGO COUNTY
TAX CODE AREA 11001

<i>Taxing Entity</i>	<i>Tax Rate</i>
County general	\$1.802
County debt service	.023
County library	.135
Del Mar City tax	1.070
Elementary school	1.420
High school	1.550
Community college	.928
Other educational purposes	1.297
Special tax districts	.306
Total Tax Rate	\$8.531

1978/79 TAX RATES

County general	\$4.000
Previously authorized debt	.878
Total Tax Rate	\$4.878

Source: San Diego County Auditor-Controller's Office.

Major Taxable Property Owners

Table 8 lists the major taxable property owners in the City of Del Mar based on their 1978/79 secured assessed valuation. The ten largest taxable property owners constitute from 1.6% to 0.5% of the secured assessed valuation of the city and collectively they constitute approximately 8% of the assessed valuation.

TABLE 8
1978/79 MAJOR TAXABLE PROPERTY OWNERS

<i>Property Owner</i>	<i>Secured Assessed Valuation for Revenue Purposes*</i>
Mission Investment Trust	\$ 564,400
Mosier, Martin H. III, Jr., Mosier, Patricia J. P., Jr.	462,250
Bryson, Richard and Terry, Stephens, John	312,125
Beach Colony I	310,837
Del Mar Inn Associates	244,117
Wright, McKellar & Wyer	190,524
Crumley, Jack W., McGinnis, Robert E., Bottomley, Robert E., Trs.	184,125
Del Mar Plaza Corporation	185,725
Del Mar Medical Properties	172,425
Wavecrest Apartments	169,414
Total	\$2,795,942

* Before homeowners' and business inventory exemptions.
Source: San Diego County Auditor-Controller's Office.

Employee Retirement

Under the terms of the public employees, retirement system of California (P.E.R.S.), the city provides a retirement plan covering all full-time employees. The total city contribution to P.E.R.S. in fiscal year 1977/78 was \$52,801, accompanied by \$33,120 contributed by employees. The percentage of salary to be contributed in 1978/79 by the city will be 15.361% for safety employees and 11.154% for others, and the percentage of salary contributed by employees will be 5.87% – 11.7% for safety categories and 7% for others.

P.E.R.S. is required by state law to undergo a systems evaluation at least every four years. Periodic intervening checks of actuarial assumptions and other aspects of the system are also made. The June 30, 1976 audit of P.E.R.S. by Coopers & Lybrand, Certified Public Accountants, reported an accrued actuarial liability and present value of benefits for active and inactive members totaling approximately \$14.6 billion. Assets available for benefits were placed at about \$7.9 billion leaving an unfunded liability of about \$6.7 billion.

Upon completion of the 1975 systemwide evaluation, actuaries then determined that restoration and maintenance of the system's necessary balances required a three-step annual increase of 1% in the average percentage employer contribution beginning July 1, 1976.

As of July 1, 1977, P.E.R.S. calculated that the City of Del Mar had a present value liability for all benefits for miscellaneous categories of \$574,074 with cash and credited assets of \$476,256, leaving a future liability of \$97,818. The safety category had a present value liability for all benefits of \$711,682 with cash and credited assets totaling \$593,453, leaving a future liability of \$118,229.

According to P.E.R.S., the city will amortize its future liability at a current rate of 1.547% of payroll for general categories and 2.771% of payroll for safety categories, until the year 2000. These percentages are included in the percentage employer contributions for fiscal year 1977/78 quoted above. The future funded liability for prior service benefits for safety employees will require amortization until the year 2001 at the rate quoted above. Prior service is defined by P.E.R.S. law as service prior to the date of the agency's contract with P.E.R.S. The City of Del Mar contracted with P.E.R.S. on July 1, 1970.

Pending Litigation

The city is defendant in one inverse condemnation action, asking for approximately \$1,000,000 in damages. The city is one of many named governmental defendants in a class action for \$10,000,000 in damages alleging flooding damage in the city and county of San Diego. In the opinion of the City Attorney and of Special Counsels to the city, the city will prevail in these actions. In addition, the city is the defendant in one personal injury action. Counsel indicates that insurance will cover financial exposure, if any. There is no other pending litigation in which an unfavorable result would adversely affect the city's financial position.

There is no litigation pending concerning the validity of the bonds, the corporate existence of the city, or the title of the officers thereof to their respective offices, and the city will furnish to the successful bidder a no-litigation certificate certifying to the foregoing as of and at the time of delivery of the bonds.

Del Mar General Fund

Table 9 presents the city's general fund statement of revenues, expenditures and encumbrances and changes in fund balances for the last five years and the approved budget for the current fiscal year. The general fund is maintained on the modified accrual basis. Beginning in 1977/78 several special revenue funds were incorporated into the general fund. In order to allow a five-year comparison of fund balances, these special funds were added to the general fund for 1973/74 through 1976/77 which causes the totals in these earlier years to differ from the published financial statements accompanying the auditor's reports. The adjusted values have been reviewed for consistency with the published financial statements by the city's auditor.

During the last five years, total revenue has increased approximately 89% while expenses have increased approximately 69%. Major revenue sources include sales and use taxes, property taxes and admissions taxes.

During this period, retail outlets in Del Mar have remained fairly constant but taxable transactions have increased over 40% which accounts for the steady increase in sales and use tax revenues (see Table 18). Prior to the implementation of Proposition 13, property tax revenue had been the single-largest revenue source to the city and had increased over 75% during this period. The implementation of Proposition 13 resulted in a projected decrease in property taxes for general fund purposes of nearly 50% for 1978/79. This loss has been somewhat mitigated by a State contribution of over \$77,000 for 1978/79 and a series of budget reductions in expenditures. The city reports that there will occur no loss of essential municipal services as a result of the tax revenue reductions.

The other major revenue source is the admissions tax to the racetrack and fairgrounds complex during the summer racing season. The tax is \$0.40 per admission with lower charges for senior citizens. Approximately 60% of the admissions tax receipts go to the general fund with the balance to the city's "Open Space" special revenue fund. The racetrack and fairgrounds complex attracts an average of 640,000 patrons annually resulting in gross revenue to the city of over \$250,000.

The major category of expenses is public safety which includes police and fire protection, animal control and lifeguard services. The lifeguard contingent was reduced as a result of the implementation of Proposition 13. The budgeted expenses for 1978/79 show a net reduction in expenses of nearly 5% compared to the previous year.



The Del Mar Racetrack hosts a 43-day racing season beginning in late July that attracts 640,000 patrons annually. The city receives \$.40 tax per admission which results in revenues of over \$250,000 which is divided between the city's General and Open Space funds.

TABLE 9
CITY OF DEL MAR
GENERAL FUND^①

	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 Approved Budget
Revenue						
Sales and use taxes	\$ 98,389	\$113,338	\$117,865	\$142,035	\$ 159,784	\$164,000
Property taxes	202,299	216,194	193,652 ^②	319,303	354,657	185,309
Admissions taxes	79,771	80,915	152,095	148,645	153,174	155,297
Other taxes ^③	27,773	25,071	34,450	43,610	59,685	55,500
Licenses and permits	28,812	46,114	41,931	49,195	52,341	53,200
Fines and forfeitures ^④	15,393	20,458	12,661	14,291	13,418	12,700
Intergovernmental revenue ^⑤	59,121	60,416	78,569	82,836	190,256	204,388 ^⑥
Current services	16,812	15,734	20,350	43,026	52,208	85,300
Other ^⑦	44,743	33,047	37,007	38,656	45,784	38,190
Total Revenue	\$573,113	\$611,287	\$688,580	\$881,597	\$1,081,307	\$953,884
Expenditures and Encumbrances						
General government	\$145,365	\$133,249	\$173,121	\$178,018	\$ 217,556	\$208,765
Planning	34,819	55,140	47,924	50,467	81,756	101,206
Public safety ^⑧	314,429	329,413	411,949	483,827	504,902	538,111
Public works ^⑨	84,041	69,668	63,188	67,583	104,255	61,466
Capital improvements ^⑩	—	145,325	15,000	3,339	67,006	22,438
Total Expenditures and Encumbrances	\$578,654	\$732,795	\$711,182	\$783,234	\$ 975,475	\$931,986
Net Interfund Transfers	\$(35,299)	\$ 95,727	\$ 36,947	\$(47,411)	\$ (59,123)	\$ 26,327
Excess (Deficiency) of Revenues and Transfers to Expenditures and Encumbrances	\$ (40,840)	\$(25,781)	\$ 14,345	\$ 50,952	\$ 46,709	\$ 48,225
Beginning Fund Balance	\$ 79,978	\$ 39,138	\$ 13,357	\$ 27,702	\$ 78,654	\$125,363
Ending Fund Balance^⑪	\$ 39,138	\$ 13,357	\$ 27,702	\$ 78,654	\$ 125,363	\$173,588
Capital Reserve	\$ 94,753	\$ 7,577	\$ 29,358	\$ 5,827	\$ 52,207	\$ 61,777
Total Fund Balance and Capital Reserve	\$133,891	\$ 20,934	\$ 57,060	\$ 84,481	\$ 177,570	\$235,365

① Table 9 reviewed by city's Finance Officer for consistency with audited financial statements and city's 1978/79 Approved Budget.

② 1975/76 property taxes reduced approximately \$20,000 resulting from an action settled in favor of Servomation, Inc. for 1974/75 unsecured taxes.

③ Includes property transfer, livestock and transient occupancy taxes.

④ Includes vehicle fines and court fines. Prior to 1977/78 the city's auditor presented vehicle fines in the "Traffic Safety" Special Revenue Fund.

⑤ Includes cigarette taxes, Community Development Block Grants, and State and local grants.

⑥ Includes State subsidy of approximately \$77,000 to compensate for lost revenue due to Proposition 13.

⑦ Includes franchise and interest income and income reported in the "Flood Control and Drainage" Special Revenue Fund prior to 1977/78.

⑧ Includes police and fire protection, traffic safety, animal control, and lifeguard services.

⑨ Includes flood control and drainage, and beach erosion and recreation.

⑩ Includes block grant projects, civic center professional fees, drainage projects and miscellaneous consulting fees for capital improvements.

⑪ General Fund Balances as reported in the audits prior to 1977/78 do not include "Traffic Safety" and "Flood Control and Drainage" Special Revenue Funds.

Source: Compiled from city's financial statements audited by Carroll & Pendleton, Associates, Certified Public Accountants, for 1973/74 through 1977/78, and from the city's approved annual budget for 1978/79.

Special Revenue Funds

Table 10 presents a statement of revenues, expenditures and encumbrances, transfers, and fund balances for the city's special revenue funds. The city maintains these funds on the modified accrual method of accounting. The Gas Tax Fund revenues are derived from state collected gasoline taxes that are apportioned to the city based on population. Expenditures from this fund are solely for maintenance and construction of streets.

Federal revenue sharing to the city has been fairly constant over the last five years. These funds have been used mainly to operate a day-care facility in the city and to finance minor capital improvements. The Retirement Fund was formerly used to account for all city and employee contributions into P.E.R.S. Beginning in 1978/79, contributions will be accounted for by debiting the benefitting department and, as such, will no longer be separately reported.

The Open Space Fund is supported by a portion of the Admissions taxes and by a filing charge on new and rehabilitation construction. Proceeds are used to maintain the city's open space areas.

Utility Funds

Table 11 presents a five-year history of the city's utility funds. This table presents both funds on a consolidated basis. Metered water sales and sewer charges apply to the Water Fund and Sewer Fund, respectively. Property tax revenue is received by the Sewer Fund. The nearly 50% increase in sewer charge revenue in 1978/79 over the previous year was due to a rate increase implemented in June, 1977.

Expense categories that apply to the Water Fund include cost of purchased water, production and distribution. Expense categories that apply to the Sewer Fund include collection, and treatment and disposal. Expense categories common to both funds include depreciation, accounting, general and administrative.

In 1977/78, the Water Fund had a retained earnings balance of \$379,053 and the Sewer Fund had \$248,184.

As a member of the San Diego County Water Authority and the Metropolitan Water District of Southern California, the city is allotted a water entitlement that exceeds current water usage by over three-to-one. The principal source for the city's water is the Colorado River. Before being delivered to the city, water is filtered by the city of San Diego and subjected to sufficient pressure to meet delivery requirements in the city's three pressure zones. The recent California drought had no effect on the city's water allotment.

City sewage is collected and transported by pipeline for treatment to the San Diego Metropolitan Sewer System. The facilities necessary to connect the city to the metropolitan system were in operation in 1975. Prior to that time, the city owned and operated its own collection and treatment system, which discharged effluent into the San Dieguito Lagoon. The San Diego System is in compliance with current Federal water pollution guidelines and is being upgraded to provide secondary treatment for effluent.

TABLE 10
CITY OF DEL MAR
SPECIAL REVENUE FUNDS^①

	1973/74	1974/75	1975/76	1976/77	1977/78	Approved Budget 1978/79
Revenue						
Gas Tax ^②	\$ 56,957	\$ 60,095	\$ 58,726	\$ 68,861	\$ 69,446	\$ 69,501
Federal revenue sharing	25,031	27,231	23,931	31,664	33,268	30,800
Retirement fund contributions	35,263	39,711	47,908	61,283	64,032	— ^③
CETA ^④	7,462	40,517	64,335	50,619	44,124	45,751
Open space ^⑤	—	14,034	54,058	66,800	87,903	161,306
Parks and boulevards	6,388	10,813	9,525	15,570	—	—
Expenditures and Encumbrances						
Gas Tax ^⑥	\$ 22,275	\$ 37,545	\$ 18,181	\$ 26,397	\$134,142	\$ 97,264
Federal revenue sharing ^⑦	15,000	30,882	53,000	9,414	10,235	12,344
Retirement fund	37,149	42,071	51,922	61,618	70,300	—
CETA	8,536	41,441	63,653	50,318	44,137	45,751
Open space	—	—	19,457	38,328	27,853	8,000
Parks and boulevards	8,911	12,532	9,131	11,054	—	—
Net Interfund Transfers (to General Fund)						
Gas Tax	\$ —	(\$ 1,000)	\$ —	(\$ 14,515)	\$ —	\$ —
Federal revenue sharing	—	(4,000)	(5,444)	(5,444)	(5,555)	—
Retirement fund	—	—	—	—	7,492	—
CETA	—	—	—	—	—	(46)
Open space	—	—	—	—	(80,000)	—
Parks and boulevards	—	—	—	(5,307)	—	—
Ending Fund Balances						
Gas Tax	\$164,149	\$185,699	\$226,244	\$254,193	\$189,497	\$161,734
Federal revenue sharing	39,433	31,782	(2,731)	14,075	31,553	50,009
Retirement fund	2,433	73	(3,941)	(4,276)	(3,052)	—
CETA	—	(924)	(242)	59	46	—
Open space	—	14,034	48,635	77,107	57,157	210,463
Parks and boulevards	2,116	397	791	—	—	—

① Table 10 reviewed by city's Finance Officer for consistency with city's audited financial statements and with the city's approved budget.

② Gas Tax Fund revenues are derived from state collected gasoline taxes that are apportioned to the city based on population.

③ Retirement Fund contributions are disaggregated in 1978/79 and collected from city departments by employee category and accounted for in the General Fund.

④ Federal manpower program (Comprehensive Education Training Assistance).

⑤ Open Space Fund revenue derived from construction tax (charge per square foot for new or rehabilitation construction within city) and a portion of admissions taxes (to racetrack and fairgrounds complex).

⑥ Gas tax expenditures are used solely for the maintenance and construction of streets.

⑦ Funds from Federal Revenue Sharing Fund have been used to operate a day-care center in the city, purchase of various equipment and minor capital projects.

Source: Compiled from city's financial statements audited by Carroll & Pendleton, Associates, Certified Public Accountants, for 1973/74 through 1977/78, and from city's approved budget for 1978/79.

Balance Sheet

Table 12 presents the balance sheet for all city funds for the last fiscal year. The fund balance for the General Fund is derived in Table 9. Revenue for the Capital Projects Fund was principally obtained from the Sewer Surplus Fund in fiscal year 1974/75 to acquire land intended as the site for

a civic center. Current plans for the civic center include council chambers, meeting rooms, and county library facilities. Financing for the civic center is expected to be obtained from bond proceeds issued by a Joint Powers Authority with the city and county as members. The joint powers agreement

was approved by the city council on August 15, 1977 and was subsequently ratified by the county supervisors. The city would lease the facility from the authority in an amount sufficient to pay debt service on the bonds. A portion of bond proceeds would be used to reimburse the Sewer Surplus Fund.

TABLE 11
CITY OF DEL MAR
UTILITY FUNDS OPERATING STATEMENT*
(Water and Sewer Combined)

	1973/74	1974/75	1975/76†	1976/77‡	1977/78
Operating Revenues					
Metered water sales	\$210,161	\$238,506	\$253,116	\$264,223	\$283,019
Sewer charges	151,806	158,177	162,790	167,946	248,601‡
Sewer inclusion fees	7,900	6,600	5,400	5,600	6,200
Customer penalties	911	1,687	1,089	1,162	1,271
Miscellaneous	1,593	473	1,903	1,031	1,771
Property taxes	21,775	16,602	14,369	21,299	22,294
Water conservation charges	—	—	—	9,198	16,204
Total Operating Revenues	\$394,146	\$422,045	\$438,667	\$470,459	\$579,360
Operating Expenses					
Purchased water	\$ 53,381	\$ 48,233	\$ 65,358	\$ 58,765	\$ 63,515
Production	26,756	27,565	26,256	24,649	24,189
Collection	24,414	62,523	80,009	96,192	110,417
Depreciation	33,005	40,374	42,031	47,645	54,573
Distribution	27,214	28,488	29,891	41,770	49,068
Treatment	22,667	32,595	23,384	24,191	45,539
Accounting	25,158	24,040	30,284	30,516	41,004
General and administrative	38,959	42,808	48,387	54,856	62,495
Total Operating Expenses	\$251,554	\$306,626	\$345,600	\$378,584	\$450,800
Retained Earnings					
Balance brought forward	\$163,444	\$294,464	\$407,809	\$476,036	\$539,010
Operating revenues	394,146	422,045	438,667	470,459	579,360
Interest earned	46,601	54,524	29,686	20,854	18,877
Federal grant	—	—	—	—	6,879
Operating expenses	(251,554)	(306,626)	(345,600)	(378,584)	(450,800)
Amortized bond discount	(651)	(620)	(574)	(555)	(518)
Bond interest	(55,230)	(53,478)	(51,452)	(49,200)	(47,023)
Transfers	(2,292)	(2,500)	(2,500)	—	(18,548)
Retained Earnings	\$294,464	\$407,809	\$476,036	\$539,010	\$627,237

* Table 11 reviewed by city's Finance Officer for consistency with city's audited financial statements.

† Water conservation charges levied to encourage reduced water consumption during the California drought of 1976 and 1977. The city has terminated these charges in 1978/79.

‡ Sewer income increased due to sewer rate increase effective June 15, 1977.

Source: Compiled from city's financial statements audited by Carroll & Pendleton, Associates, Certified Public Accountants.

TABLE 12
CITY OF DEL MAR
1977/78 COMBINED BALANCE SHEET—ALL FUNDS*
June 30, 1978

	General Fund	Special Revenue Funds	Utility Funds	Capital Projects Funds	1977 Open Space Bonds		Equip- ment Revolving Fund	Bonded Debt
					Acquisi- tion Fund	Debt Service Fund		
Assets								
Cash in treasury (overdrawn)	\$ 11,651	\$ 10,327	\$ 8,239	\$ 15,476	\$ (873)	\$ 1,565	\$ (5,925)	\$ —
Investments†	298,500	312,424	281,289	100,000	230,126	74,450	3,000	—
Revolving cash funds	200	—	145	—	—	—	—	—
Accounts and taxes receivable	83,215	20,700	64,033	1,082	1,903	441	23	—
Due from other funds	5,185	5,361	132,475‡	—	—	—	4,706	—
Inventories of materials and supplies	—	—	22,732	—	—	—	—	—
Utility plant in service (net of depreciation) — at cost	—	—	2,281,071	—	—	—	—	—
Unamortized bond discount	—	—	4,039	—	—	—	—	—
Amounts to be provided for bonds and other loans payable	—	—	—	132,000	—	—	—	1,270,000§
	\$398,751	\$348,812	\$2,794,023	\$248,558	\$231,156	\$76,456	\$ 1,804	\$1,270,000
Liabilities, Reserves, Fund Balances and Retained Earnings								
Accounts payable and accrued expenses	\$ 28,407	\$ —	\$ 34,796	\$ —	\$ —	\$ —	\$ —	\$ —
Accrued interest	—	—	19,427	—	—	—	—	—
Matured unpaid coupons	—	—	—	—	—	1,160	—	—
Advances from municipality — general obligation bonds	—	—	435,000	—	—	—	—	—
Customers' deposits	16,681	—	14,321	—	—	—	—	—
Revenue bonds payable	—	—	590,000¶	—	—	—	—	—
Bonds payable—general obligations	—	—	—	—	—	—	—	1,270,000
Deferred revenue	1,200	—	—	—	—	—	—	—
Due to other funds	7,278	5,416	3,007	132,000‡	—	—	26	—
Reserves for								
Encumbrances	155,104	68,194	—	14,739	5,000	—	1,778	—
Debt service	—	—	84,414	—	—	70,000	—	—
Conservation	—	—	18,548	—	—	—	—	—
Capital improvements	52,207	—	—	—	—	—	—	—
Specified contributions	12,511	—	—	—	—	—	—	—
Contribution in aid of construction	—	—	967,273	—	—	—	—	—
Fund balances	125,363	275,202	—	101,819	226,156	5,296	—	—
Retained earnings	—	—	627,237	—	—	—	—	—
	\$398,751	\$348,812	\$2,794,023	\$248,558	\$231,156	\$76,456	\$ 1,804	\$1,270,000

* Table 12 reviewed by city's Finance Officer for consistency with audited financial statements.

† Substantially all investments were in certificates of deposits and are stated at cost. Market value approximates cost.

‡ \$132,000 lent to Capital Projects Funds from Sewer Fund in 1974/75 for a civic center site. Source of repayment is expected to be obtained from bond proceeds issued by a Joint Powers Authority with the City of Del Mar and the County of San Diego as members.

§ At a special election held on April 14, 1970, \$1,700,000 general obligation sewer bonds were authorized. \$530,000 of the bonds were issued on January 15, 1972 leaving \$1,170,000 unissued as of this date. An additional \$20,000 sewer bonds matured on January 15, 1979.

¶ An additional \$25,000 of revenue bonds were retired on December 15, 1978.

Source: Compiled from city's financial statements for 1977/78 audited by Carroll & Pendleton, Associates, Certified Public Accountants.

Direct and Overlapping Bonded Debt

A statement of direct and overlapping bonded indebtedness applicable to the city is presented in Table 13. In 1970 the voters of Del Mar authorized the issuance of \$1,700,000 general obligation sewer bonds. In 1972, \$530,000 Series A Sewer Bonds were sold to finance the connection of the city's sewer system to the San Diego Metropolitan System. Of this amount, \$415,000 is currently outstanding and is in part being financed by a \$.0129 city tax levy and in part by sewer operating revenues. No plans have been made at this time for the sale of the remaining unissued \$1,170,000 of general obligation sewer bonds.

In 1965 the city issued \$570,000 principal amount of water revenue bonds and \$175,000 of sewer revenue bonds. These obligations are secured by and payable solely from revenues of the water and sewer enterprises, respectively. As of this date, \$460,000 of the 1965 water revenue bonds and \$105,000 of the sewer revenue bonds are outstanding. An additional \$400,000 of water revenue bonds are being sold on March 5, 1979.

In 1977 city voters approved the issuance of \$1,500,000 general obligation Open Space Bonds. Series A, consisting of \$850,000, was sold on April 1, 1977 and is being supported by a \$.0187 city tax rate. There are currently \$835,000 Series A Bonds outstanding. The remaining authorization of \$650,000 is being sold on March 5, 1979.

TABLE 13
CITY DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT*

1978 Population	5,175	
1978/79 Assessed Valuation	\$36,144,250†	
Entity	Percent Applicable	Debt Applicable March 5, 1979
San Diego County	0.462%	\$ 10,441‡
San Diego Building Authorities	0.462	125,410
San Diego County Water Authority	0.483	240,220
Metropolitan Water District of Southern California	0.069	357,796
Oceanside-Carlsbad Community College District	3.969	47,628
San Dieguito Union High School District	7.120-7.435	563,749
Del Mar Union School District (Various Issues)	41.770-41.830	596,231
City of Del Mar	100.	1,900,000§
Total Direct and Estimated Overlapping Debt		\$3,841,475
	Ratio to	
	Assessed Valuation	Per Capita
Assessed Valuation	—	\$6,984
Direct Bonded Debt	5.26%	367
Direct and Overlapping Bonded Debt	10.63%	742
Share of Authorized and Unsold Bonds:		
City of Del Mar		\$1,170,000¶
Del Mar Union School District		41,830
Metropolitan Water District		251,850

* Compiled by California Municipal Statistics, Inc.

† Before homeowners' and business inventory exemptions.

‡ Excludes share of \$4,602,108 San Diego County lease-purchase obligations (\$21,262).

§ Includes \$650,000 Open Space Bonds to be sold March 5, 1979; excludes \$460,000 of 1965 water revenue bonds and \$105,000 sewer revenue bonds and \$400,000 water revenue bonds to be sold on March 5, 1979.

¶ Includes \$1,170,000 Sewer General Obligation Bonds. The city currently has no plans to issue these bonds.

THE CITY AND VICINITY

The City of Del Mar is a residential community located on the Pacific coastline 20 miles north of central San Diego and 105 miles south of Los Angeles. Del Mar is bounded by beach for about two and one-half miles, extends inland one mile at its widest point, and contains 1,070 acres. Originally settled in the early 1800's for ranching purposes, the area has gradually given way to residential development because of its exceptionally attractive climate, location, and scenic surroundings. This city has been noted for its village-like atmosphere.

Local residents successfully campaigned in the mid-1960's against locating a major freeway along the coastline, resulting in the construction of Interstate 5 inland and outside of the city limits. The resultant decrease in traffic affected some businesses adversely, but the overall effect has been to strengthen a locally-oriented business community. Today, Del Mar may be described as a quiet village that has sought to maintain its identity

through careful planning and open space acquisition. The city offers unusual recreational opportunities to its residents and visitors throughout the year.

Population Characteristics

Table 14 presents the population history of the city since its incorporation. Population growth in the city has approximated 65% in the last 18 years, nearly proportional to that of the county. Pressures for continued growth in Del Mar are high. The new freeway junction of Interstates 5 and 805, continued expansion of the University of California five miles to the south, new businesses which have located in Sorrento Valley and Torrey Pines Industrial Parks, and urbanization in the northernmost part of the City of San Diego, are expected to catalyze growth both in and near Del Mar. The City of Del Mar planning department projects another 16% increase in the city's population over the next 12 years.

Employment

Del Mar is essentially a residential community offering commercial and several specialized employment opportunities within the city limits. Aside from the numerous commercial establishments located in Del Mar, Jacor, an electronics research firm, offers employment to 80 local residents. Jacor has plans to expand into production in the near future. Other employment opportunities may be found at the fairgrounds complex located in the northern part of the city. Employment at the Thoroughbred Club and the San Diego County Fairgrounds is seasonal, ranging up to 500 at the fairgrounds and 2,000 at the racetrack. Income of Del Mar residents, however, comes principally from employment outside the community.

Del Mar is situated within easy commute distance to four industrial areas. Sorrento Valley Industrial Park is essentially a light manufacturing center for electrical machinery and ceramics and contains several hundred firms offering a total of approximately 4,000 jobs. Located just three miles south of the city, Sorrento Valley has 14 manufacturers with 100 or more employees. Torrey Pines Industrial Park is located four miles south of Del Mar, offers employment to approximately 3,000 persons, and is expanding rapidly. Major occupants include General Atomic Company, Scripps Research Division, a life insurance company and a subsidiary of Eastman Kodak.

Miramar Road Industrial Park is mainly a distribution center located about five miles southeast of Del Mar.

TABLE 14
POPULATION STATISTICS

<i>April 1</i>	<i>City of Del Mar</i>	<i>County of San Diego</i>
1950	Not Incorporated	556,808
1960	3,124	1,033,011
1970	3,956	1,357,854
1978*	5,175	1,694,800
1990	6,000†	2,216,400‡

* As of January 1, 1978. Estimated by the California Department of Finance.

† Estimated by the Del Mar Planning Department.

‡ Estimated by the Comprehensive Planning Organization of the San Diego Region.

Source: State of California, Population Research Division.



The city of Del Mar is well known for its scenic beaches. The city contains approximately 2½ miles of oceanfront property of which 2 miles are open to the public.
 (Photo credit Del Mar News Press.)



The San Diego County Fairgrounds are situated adjacent to the racetrack and host a number of annual events, including the Southern California Exposition. (Photo credit 22nd Agricultural District.)

Major employers located there include PSA and Fed Mart. In 1978, about 500 of the 1,600 persons employed in this area were involved in the wholesale trade.

The major industrial area in the county is located just ten miles southeast of Del Mar and is connected via the recently completed Interstate 805. Kearny Mesa Industrial Area has industry employing over 31,000 persons. Major employers with 1,000 or more employees include Solar, a division of International Harvester; Convair, a division of General Dynamics; Teledyne Ryan Aeronautical Company; Food Maker, Inc., a division of Ralston Purina; and Electrodynamics, a division of General Dynamics.

Other nearby employers include the University of California at San Diego with several thousand employees and the Miramar Naval Air Station with approximately 3,000 employees. Both are located about five miles from Del Mar.

Table 15 presents the major employers of the county as compiled by the San Diego Chamber of Commerce for 1979. All employers are within a twenty-mile commute distance from Del Mar. Table 16 lists employment by category for the region.

Wholesale and retail trade, services, and government categories share approximately equal proportions of the labor market at 24%, 22%, and 23% respectively. The State reports a preliminary unemployment rate of 6.9% for the county for 1978.

TABLE 15
MAJOR EMPLOYERS, 1979
SAN DIEGO COUNTY

<i>Firm</i>	<i>Product or Service</i>
Employee Range 5,000-9,999	
Convair, a Division of General Dynamics	Aerospace parts
National Steel & Shipbuilding Co.	Shipbuilding and repairing
Pacific Telephone & Telegraph Company	Telephone service
Rohr Industries, Inc.	Aerospace parts
Employee Range 3,000-4,999	
Bechtel Power Corporation	Engineering, construction
The Fedmart Corporation	Department stores
Foodmaker Inc.	Convenience foods
San Diego Gas & Electric Co.	Gas and electric service
Sears, Roebuck & Co.	Department stores
Solar Turbines International	Gas turbines
Employee Range 2,000-3,999	
Bank of America, N. T. & S. A.	Banking services
California First Bank	Banking services
Cubic Corporation	Manufacturing
General Atomic Company	Nuclear power plant
Pacific Southwest Airlines	Air transportation
Safeway Stores, Inc.	Grocery stores
Employee Range 1,000-1,999	
Alpha Beta Acme Markets, Inc.	Grocery stores
Atlas Hotels, Inc.	Hotel services
Big Bear Markets, Inc.	Grocery stores
Broadway Department Stores	Department stores
Campbell Industries	Food processing
Casa Blanca Convalescent Centers	Hospital services
Consolidated Facility Services, Inc.	Janitorial services
Food Basket, Lucky Stores	Grocery stores
General Dynamics, Electronics Division	Aerospace parts
Home Federal Savings & Loan Association	Banking services
K-Mart Corporation	Department stores
Kaiser-Permanente Medical Care Program	Hospital services
La Costa Resort Hotel & Spa	Recreational facilities
Les Land Enterprises, Inc.	Garden patrol services
The May Company	Department stores
Mercy Hospital & Medical Center	Health care facilities
Montgomery Ward & Co.	Department stores
J. C. Penney Co., Inc.	Department stores
NCR Corp. Engineering and Manufacturing	Cash registers
Ratner Corporation	Clothing manufacturing
San Diego Trust & Savings Bank	Banking services
Scripps Clinic and Research Foundation	Hospital services
Donald M. Sharp Memorial Community Hospital	Hospital services
Sony Corporation	Electronics
Teledyne Ryan Aeronautical Co.	Aerospace parts
Union Tribune Publishing Co.	Newspaper publishers
Van Camp Sea Food Company	Food processing
Vons Grocery Co.	Grocery stores
Zoological Society of San Diego	Zoological gardens

Source: Economic Research Bureau, San Diego Chamber of Commerce.

TABLE 16
SAN DIEGO COUNTY, 1978
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY

<i>Industry</i>	<i>Employment</i>
Mining	800
Construction	38,900
Manufacturing	84,100
Transportation, Communication, and Utilities	26,200
Wholesale and Retail Trade	141,300
Finance, Insurance, Real Estate	35,500
Services	131,200
Government	135,800
Total	593,800

Source: California State Employment Development Department.

Building Activity

The predominantly single-family character of the community changed between the late 1960's and 1974 when multi-family construction permits out-paced single-family unit construction. The proportion of the multiple residential units, which stood at 32% of the total dwelling units in the community in 1968, rose to about 50% by 1974. Table 17 presents all building activity trends for the city for the last six years. Construction activity has remained fairly constant and moderate as the maximum desired growth level in the city has been approached.

TABLE 17
CITY OF DEL MAR
NEW CONSTRUCTION VALUATIONS

	1973	1974	1975	1976	1977	1978
Single family	\$ 577,000	\$ 488,000	\$ 777,000	\$ 991,000	\$1,482,000	\$1,380,000
Multi-family	1,068,000	515,000	66,000	55,000	164,000	209,000
Other residential	190,000	152,000	256,000	282,000	349,000	483,000
Residential Totals	\$1,835,000	\$1,155,000	\$1,099,000	\$1,328,000	\$1,995,000	\$2,072,000
Commercial	\$ 113,000	\$ 140,000	\$ 303,000	\$ 313,100	\$ 247,000	\$ 214,000
Industrial	—	65,000	—	—	—	—
Other commercial and industrial	56,000	129,000	29,000	153,000	174,000	233,000
Commercial and Industrial Totals	\$ 169,000	\$ 334,000	\$ 332,000	\$ 466,000	\$ 421,000	\$ 447,000
Total Valuations	\$2,004,000	\$1,489,000	\$1,431,000	\$1,794,000	\$2,416,000	\$2,519,000
NUMBER OF DWELLING UNITS						
Single family	17	14	16	19	30	28
Multi-family	56	28	2	2	6	6
Total Dwelling Units	73	42	18	21	36	34

Source: "California Construction Trends", Security Pacific Bank.

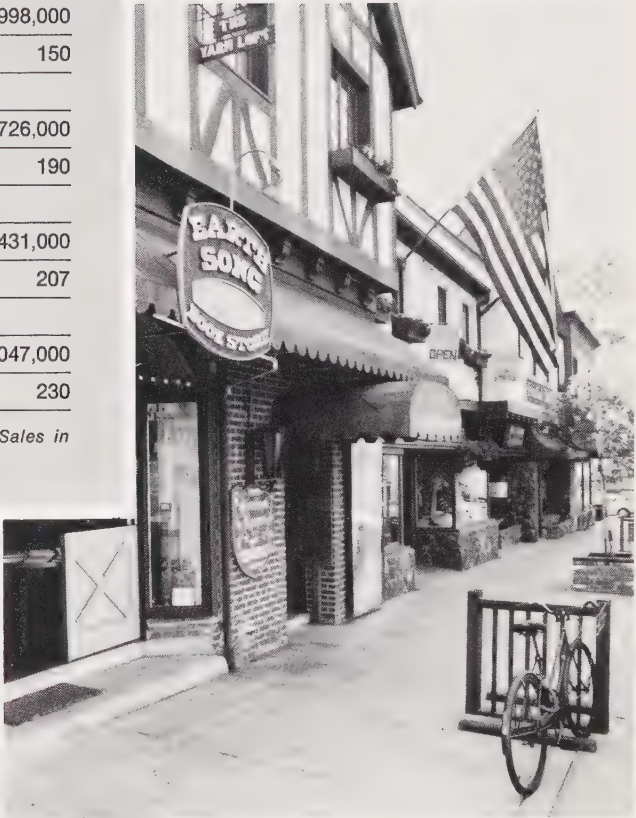
Commercial Activity

The most outstanding characteristic of Del Mar's economy is the seasonal variation in retail sales due to the tourist trade. About 40% of the city's volume of taxable retail sales can be attributed to the influx of tourists attracted to the local beaches, the Southern California Exposition, and the Del Mar racetrack. This activity mainly occurs in the first quarter of the fiscal year. Commercial activity in the city over the last five reporting years has shown over a 50% increase. Table 18 presents the commercial activity totals for the city.

TABLE 18
CITY OF DEL MAR
TAXABLE TRANSACTIONS AND NUMBER OF SALES TAX PERMITS

	Retail Stores	Total Outlets
1973		
Value	\$7,039,000	\$ 9,143,000
Number	70	125
1974		
Value	\$7,930,000	\$ 9,998,000
Number	78	150
1975		
Value	\$8,101,000	\$10,726,000
Number	86	190
1976		
Value	\$8,259,000	\$12,431,000
Number	78	207
1977		
Value	\$9,993,000	\$14,047,000
Number	77	230

Source: State Board of Equalization annual summaries of *Trade Outlets and Taxable Sales in California*.



The commercial facilities in Del Mar emphasize the city's village-like atmosphere. Although the city is basically residential in character, sales and use taxes constitute approximately 16% of total city revenues. (Photo credit Del Mar News Press.)

Educational Facilities

The Del Mar Union School District operates two elementary schools serving over 1,000 students. About one-third of the total are Del Mar residents. Three nearby private elementary schools are attended by over 100 Del Mar pupils. The San Dieguito Union High School District operates two junior high and two high schools. Del Mar students attend Earl Warren Junior High School and Torrey Pines High School, located east of Interstate 5. Since Del Mar is located in the Oceanside-Carlsbad Community College District, local residents are entitled to instruction at any of the five community colleges in San Diego County. The Miracosta Junior College recently opened a branch education facility in Del Mar offering night instruction and other special classes.

Community Services

Del Mar maintains its own fire department currently staffed by 10 full-time employees plus reserves and contracts for law enforcement services with the San Diego County Sheriff's Office.

A variety of health care facilities in the vicinity serve city residents. Primary facilities include both doctors' offices and clinics located in Del Mar and the unincorporated area of Solana Beach to the north. In-patient health care is available to Del Mar residents from Scripps Memorial Hospitals located in La Jolla and Encinitas and the Scripps Clinic and Research Foundation offering a total of 614 beds. Twelve miles from Del Mar are the Sharp Memorial Community Hospital with 401 beds, Children's Hospital with 90 beds, and Mesa Vista Hospital with 110 beds.

The existing Del Mar Library is a branch of the County Library system and provides over 20,800 volumes to city residents. The library is located at the civic center site.

Transportation

Public transportation in Del Mar consists primarily of bus service and Amtrak rail service. The Atchison, Topeka and Santa Fe passenger trains are under contract with the Amtrak System and Del Mar serves as one of four stations between San Diego and Los Angeles. The Greyhound Bus Lines provides frequent daily direct bus service to San Diego and Los Angeles. Del Mar serves as the transfer point for local public bus service between Oceanside to the north and downtown San Diego to the south.

State Highway 101 connects Del Mar with nearby seaside communities including Solana Beach, Cardiff-By-The-Sea, and Encinitas. The principal north-south artery of California, Interstate 5, passes the city about a mile to the east. This freeway, stretching the length of California via Los Angeles and the Central Valley, provides ready access to all points in the state. Interstate 805, which connects Interstate 5 about four miles south of Del Mar, passes through the eastern outskirts of the city of San Diego and provides a direct link to the Mexican border.

Excellent airline passenger and cargo transportation services are available at San Diego International Airport, located 18 miles south by freeway. About 12 miles north of the city is Palomar Airport, a general-purpose field with a 4,700 foot runway. Facilities for water borne shipping are available at the modern and well-equipped Port of San Diego.

Utilities

Electricity and natural gas are supplied by the San Diego Gas and Electric Company. Pacific Telephone Company provides telephone service to Del Mar.

Del Mar purchases and distributes water from the San Diego County Water Authority, which is supplied by the Metropolitan Water District. The city also operates a sewer system which transports the city's sewage to a connection point with the San Diego Metropolitan sewage treatment plant.

Recreation

Del Mar's reputation as an excellent recreational center is based on its proximity to a number of famous golf courses and a two and a half mile coastline within the city limits that includes a two-mile public beach. Torrey Pines State Park is immediately south of the city limits offering a championship golf course, site of the San Diego Open, and a Science Park.

Del Mar racetrack offers thoroughbred racing in the late summer each year. The adjacent County Fairgrounds hosts a number of annual events, including the Southern California Exposition.

Intercollegiate athletic events are held at the nearby campus of the University of California. The University also sponsors cultural activities, including concerts, lectures, and stage productions that are open to the public.

OFFICIAL NOTICE OF SALE
\$650,000
CITY OF DEL MAR 1977 OPEN SPACE BONDS, SERIES B

NOTICE IS HEREBY GIVEN that sealed proposals will be received on behalf of the City Council (the "Council") of the City of Del Mar (the "City"), San Diego County, California, at the offices of Loeb Rhoades, Hornblower & Co., 8th Floor, 600 Montgomery Street, San Francisco, California 94111, on

MONDAY, MARCH 5, 1979

at the hour of 11:00 A.M. for the purchase of \$650,000 principal amount of bonds of the City designated "City of Del Mar 1977 Open Space Bonds, Series B" (the "Bonds"), more particularly described below.

The bonds are part of an issue of \$1,500,000 principal amount authorized at an election held in the City on June 8, 1976. An initial series of such bonds in the aggregate principal amount of \$850,000 have heretofore been issued by the City.

ISSUE AND DENOMINATION: \$650,000 consisting of 130 bonds, numbered B1 to B130, both inclusive, of the denomination of \$5,000 each.

DATE: The bonds are dated April 1, 1979.

MATURITIES: The bonds mature on April 1 in each year, and in the amounts, as follows:

<i>Maturity Date (April 1)</i>	<i>Principal Amount</i>	<i>Maturity Date (April 1)</i>	<i>Principal Amount</i>
1980.....	\$10,000	1993.....	\$25,000
1981.....	10,000	1994.....	25,000
1982.....	10,000	1995.....	30,000
1983.....	15,000	1996.....	30,000
1984.....	15,000	1997.....	35,000
1985.....	15,000	1998.....	35,000
1986.....	15,000	1999.....	35,000
1987.....	15,000	2000.....	40,000
1988.....	20,000	2001.....	40,000
1989.....	20,000	2002.....	45,000
1990.....	20,000	2003.....	50,000
1991.....	20,000	2004.....	50,000
1992.....	25,000		

INTEREST RATE: Maximum eight percent (8%) per annum, payable on April 1, 1980, and thereafter semiannually on April 1 and October 1 in each year. Bidders must specify the rate or rates of interest which the bonds shall bear. Bidders may specify any number of separate rates of interest and the same rate may be repeated as often as desired, provided that: (i) the difference between the lowest and highest coupon rates named in any bid shall not exceed 2%; (ii) no bond shall bear more than one rate of interest, no interest payment shall be evidenced by more than one coupon, and supplemental coupons will not be permitted; (iii) each bond shall bear interest from its date to its stated maturity at the interest rate specified in the bid; (iv) each interest rate specified must be in a multiple of 1/20 of 1%, and a zero rate of interest cannot be specified; (v) all bonds maturing in the same year shall bear the same rate of interest; and (vi) any premium must be paid in bank funds as part of the purchase price, and no bid will be accepted which contemplates the cancellation of any interest coupons or for the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price in bank funds. Bids which do not conform to the terms of this paragraph will be rejected.

REDEMPTION: Bonds maturing by their terms on or prior to April 1, 1991, an aggregate principal amount of \$185,000, are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing by their terms on or after April 1, 1992, an aggregate principal amount of \$465,000, are subject to call and redemption, at the option of the City, as a whole, or in part in inverse order of maturities and by lot within a maturity, on any interest payment date on or after April 1, 1991, at the principal amount thereof and accrued interest thereon to date of redemption, together with a premium of 1/4 of 1% of such principal amount of a year from the date of redemption to the maturity date of the bonds so redeemed.

PAYMENT: Both principal and interest are payable in lawful money of the United States of America at the principal office of the Paying Agent of the City, California First Bank in San Diego, California.

EXECUTION AND REGISTRATION: Coupon bonds will be issued by the City. The bonds will be executed by the manual signature of at least one official authorized to execute the bonds. The bonds are registrable as to both principal and interest. Registered bonds are convertible into coupon bonds.

PURPOSE OF ISSUE: The bonds are authorized by vote of two-thirds of the qualified voters voting at a special municipal bond election for the purpose of authorizing bonds for open space acquisition and improvements for the City.

SECURITY: The bonds are general obligations of the City, and the City has power and is obligated to levy ad valorem taxes for the payment of the bonds and the interest thereon upon all property within the City subject to taxation by the City (except certain personal property, which is taxable at limited rates) without limitation of rate or amount. Because the bonds and the indebtedness evidenced thereby have been approved by the affirmative vote of more than two-thirds of all of the voters voting on the measure submitted therefor at the special municipal bond election held in the City on June 8, 1976, said power and obligation of the City is not limited by the provisions of Article XIII A of the Constitution of the State of California.

TAX-EXEMPT STATUS: In the event that prior to the delivery of the bonds (a) the income received by private holders from bonds of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax is adopted which will have a substantial adverse tax effect upon holders of the bonds as such, the successful bidder may, at its option, prior to the tender of the bonds by the City, be relieved of its obligation under the contract to purchase the bonds, and in such case the deposit accompanying its bid will be returned.

LEGAL OPINION: The legal opinion of Rutan & Tucker, of San Francisco, Santa Ana and Newport Beach, California, Bond Counsel, approving the validity of the bonds, will be furnished to the successful bidder without charge. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

TERMS OF SALE

HIGHEST BID: The bonds will be awarded to the highest bidder, considering the interest rate or rates specified and the premium offered, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from the total amount of interest which the City would be required to pay from the date of the bonds to the respective maturity dates at the coupon rate or rates specified in the bid, and the award will be made on the basis of the lowest net interest cost to the City thus determined. The purchaser must pay accrued interest from the date of the bonds to the date of delivery. All interest shall be computed on a 360-day year basis. The cost of printing the bonds will be borne by the City.

RIGHT OF REJECTION: The Council reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The Council will take action awarding the bonds or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

DELIVERY AND PAYMENT: The bonds will be delivered to the successful bidder at the principal office of California First Bank, in San Diego, California, as soon as the bonds can be prepared, which the Council estimates will be within 30 days after the sale of the bonds. Payment of the purchase price (less the amount of the bid check mentioned below) must be made in funds immediately available to the Treasurer of the City in San Diego, California. Any expense of providing such funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the purchaser.

FORM OF BID: All bids must be for not less than all of the bonds, and for not less than the par value thereof and accrued interest to date of delivery. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the City Council, c/o the City Clerk, at the address mentioned above with the envelope and bid clearly marked "Proposal for Purchase of City of Del Mar 1977 Open Space Bonds, Series B." Each bid must be in accordance with the terms and conditions set forth in this notice.

BID CHECK: With each bid must be submitted a certified check for \$25,000 drawn on a bank or trust company transacting business in the State of California, payable to the order of the City of Del Mar, as a guaranty that the bidder, if successful, will accept and pay for the bonds in accordance with the terms of his bid. The check accompanying any accepted proposal shall be applied on the purchase price. The check shall be cashed and the amount thereof retained by the City if after the award of the bonds the successful bidder fails to complete his purchase on the terms

stated in his proposal. Checks of the unsuccessful bidders will be returned by the City Clerk promptly upon the award of the bonds. No interest will be paid upon the deposit made by any bidder.

ESTIMATE OF NET INTEREST COST: Bidders are requested, but not required, to state in his bid an estimate of the total net interest cost in dollars to the City and the percentage net interest cost determined thereby, which shall be considered as informative only and not binding on either the bidder or the City.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds but neither failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

OFFICIAL STATEMENT: The City has prepared an official statement, copies of which will be furnished upon request addressed to Loeb Rhoades, Hornblower & Co., Municipal Financing Consultants, 47th Floor, 600 Montgomery Street, San Francisco, California 94111, the City's financing consultants. The City will furnish 100 copies of the official statement to the successful bidder without charge.

CERTIFICATE CONCERNING OFFICIAL STATEMENT: At the time of payment for and delivery of the bonds, the City will furnish the successful bidder a certificate, signed by appropriate officers of the City, acting in their official capacity, to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the official statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and (b) there has been no material adverse change in the operation or financial affairs of the City since the date of such official statement.

NO-LITIGATION: There is no litigation pending concerning the validity of the bonds, the corporate existence of the City, or the title of the officers thereof to their respective offices, and the City will furnish to the successful bidder a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the bonds.

DATED: February 5, 1979.

*City Clerk of the
City of Del Mar*

CITY OF DEL MAR 1977 OPEN SPACE BONDS, SERIES B

NOTE: If we are awarded the bonds, we request that 100 copies of the official statement be delivered to _____ at the following address: _____

79 00765

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